

**MIDLAND & PACIFIC GRAIN
CORPORATION LIMITED**

Lee JS

INTERIM REPORT

**FOR THE SIX MONTHS ENDED
31st JANUARY 1965**

TO THE SHAREHOLDERS:

Your Board of Directors takes pleasure in presenting the Interim Report of your Company, based on unaudited Financial Statements for the six months ended 31st January 1965:

New Capital

For the purpose of enlarging the Company, the following steps were taken in the latter part of the period under review:

- (i) An underwriting and public offering of 80,000 \$1.30 Cumulative Redeemable Preferred Shares of the par value of \$25 each (redeemable at a premium of 5%);
- (ii) An offering of Rights to Common Shareholders to subscribe to one Warrant for each Common Share held, at a price of \$2.50 per Warrant;

Of the 500,000 Warrants offered to the Common Shareholders, 492,535 were subscribed and paid for.

Gross proceeds of the sales of Preferred Shares and Warrants amounted to \$3,231,337: expenses and underwriting commission amounted to \$137,423, representing a cost to your Company of 4.25% of the gross proceeds.

As at 31st January 1965, the number of issued and outstanding Common Shares was 515,150—an increase of 15,150 shares over the number of shares issued and outstanding as at 31st July 1964: this increase was due to the exercise of 15,150 Warrants.

Sale of Grain Elevators and Inventories

In November the Company took advantage of an offer for its Grain Elevators and disposed of its interest in the Grain and Feed business. The sale of these assets resulted in a capital gain of \$18,528:

Income and Expenditure

After providing for the initial Preferred dividend in the sum of \$13,392, the net profit

for the six months ended 31st January 1965 amounted to \$57,285 (11.1 cents per Common Share on 515,150 shares). This compares with a net profit for the same period in 1964 of \$68,081 (13.6 cents per Common Share on 500,000 shares).

The proceeds of the new capital issues were received too late to affect materially the Company's revenue during the period.

Assets

The book value of Net Assets of the Company at 31st January 1965 was \$6,248,263;

The Company's Portfolio of Marketable Securities at that date had a value of \$6,910,895, and exceeded book value by \$962,800.

Break-up Value of Common Shares

After adjusting for (i) the unrealized profit on marketable securities, (ii) the redemption cost of the Preferred Shares, and (iii) the assumption that all outstanding Warrants would be exercised at the price of \$3.00 per Common Share, the break-up value attributable to the Common Shareholders of the Company at 31st January 1965 was \$6,543,218, or \$6.59 per share—based on 992,535 shares that would be outstanding.

Submitted on behalf of the Board

ELVEDEN

Chairman

22nd March 1965: